



To: Craig Bass, Amerigroup
David McNichols, Peach State Health Plan
Mike Cotton, WellCare of Georgia

From: Amanda D. Seals
Director of Communications
Georgia Department of Community Health

Date: December 29, 2006

Attached to this memo is correspondence from Department of Community Health (DCH) Commissioner, Dr. Rhonda Medows, to parents of children who participate in PeachCare for Kids.

On December 9, 2006, Congress passed legislation on the last day of the session to partially fund the PeachCare for Kids shortfall. Georgia's shortfall totals \$131 million. Without this, Georgia would have faced the discontinuation of PeachCare for Kids in March 2007. This federal legislation provides a temporary fix until approximately May 2007.

The DCH is asking for your assistance in distributing this memo to PeachCare for Kids recipients' on your plan. It is important for everyone involved in insuring Georgia's children bends the ear of Congress so that PeachCare for Kids maintains its thriving status of helping those who need it most; children.

Thank you in advance for assisting us with this critical project. The 110th Congress convenes January 2007 and we need to let them know that Georgia is watching their actions closely.

To: PeachCare for Kids Members

From: Dr. Rhonda Medows
Commissioner of the Georgia Department of Community Health

Date: December 13, 2006

Re: Federal Funding for State Children's Health Insurance Plan

I am sending you this memo because I want to make you aware of what is occurring with Georgia's PeachCare for Kids program and with other State Children's Health Insurance Programs (S-CHIP) nationally. The PeachCare for Kids program is facing a funding shortfall, unless Congress votes to continue funding the program.

As a participant, you know that PeachCare for Kids is a federal program administered in partnership with states to provide health insurance coverage for children in low income, working families who would otherwise be uninsured. The state receives matching funds from the federal government.

On December 9, 2006, Congress passed legislation on the last day of the session to partially fund the PeachCare for Kids shortfall. Without this, we would have faced the discontinuation of PeachCare for Kids in March 2007. This federal legislation provides a temporary fix until approximately May 2007.

On several occasions, I have gone to Washington, D.C. to meet with members of the U.S. House and Senate to lobby on behalf of the children served in PeachCare for Kids. I will continue to do so when Congress is back in session in January 2007. I need your help to urge Congress to keep this vital health care program for your children up and running long term.

U.S. Senators Saxby Chambliss and Johnny Isakson, Representatives John Barrow, Charlie Norwood and Nathan Deal have been advocates for this program and I am grateful for their continued support. However, they need to hear from you.

You can help by sending a letter to your Congressman, as well as Georgia's two U.S. Senators and encouraging them to support S-CHIP legislation in January when the 110th Congress convenes.

When you write the U.S. Senators and members of Congress, simply ask them to help ensure that funding and reauthorization for the State Children's Health Insurance Plan is a priority addressed in January, so that Georgia's PeachCare for Kids program can continue.

Thank you in advance for your efforts and support.

If you do not know who represents you in Congress, simply go to this Web site and plug in your information:

<http://www.congress.org/congressorg/state/main/?state=GA>

To send a letter to Georgia's US Senators, please write:

Senator Saxby Chambliss

416 Russell Senate Office Building

Washington, DC 20510

Main: (202) 224-3521

Fax: (202) 224-0103

Senator Johnny Isakson

120 Russell Senate Office Building

Washington, DC 20510

Main: (202) 224-3643

Fax: (202) 228-0724

Tuesday, December 12, 2006

Congress fixes state health programs, for now

By Daniel C. Vock, Stateline.org Staff Writer

The lame-duck Congress quelled the worst fears of states struggling with the high cost of health insurance for the poor, but the quick fixes federal lawmakers put on President Bush's desk still are a mixed bag for states.

Congress averted a showdown between states and the Bush administration on Medicaid funding, and it kept the Children's Health Insurance Programs (S-CHIP) in a handful of states going a little longer.

The developments came as part of a sweeping tax bill passed by the outgoing Republican-controlled Congress just before it adjourned for the year Dec. 9. That legislation now awaits the president's signature.

With limited time to negotiate and with the transition to Democratic control looming, Congress focused primarily on taking care of immediate problems in the health care arena.

The Bush administration had announced last February that it would clamp down on a common practice states use to get more money for Medicaid, the federal-state partnership that provides health insurance for the poor. States and health care providers feared the administration would make those changes after Congress adjourned, leaving them helpless to stop the new rules.

But Congress short-circuited the plan by the [Department of Health and Human Services](#) to reduce the maximum tax rate states can impose on providers – such as hospitals and nursing homes – from 6 percent to 3 percent.

Instead, Congress lowered the maximum rate to 5.5 percent. That means the federal government is projected to save \$200 million over the next five years, instead of \$2.1 billion under the administration's proposal.

States use the money to recoup federal matching funds through Medicaid, then pass most of the new cash on to the providers – often after taking a cut for themselves.

Forty-two states impose some sort of provider tax, according to the [Kaiser Commission on Medicaid and the Uninsured](#).

Congress also took action to keep S-CHIP initiatives afloat, especially in states that predicted they would have to scale back coverage for children as soon as this spring without help from the federal government.

Rather than find an extra \$920 million to keep all the states operating at their current level, Congress held funding steady and instead tinkered with the formulas that determine how that money is doled out.

States that didn't spend their entire allotment of S-CHIP money in 2005 will forfeit as much as \$40 million apiece, in order to shore up other states' efforts.

The money for states that need extra help will have some strings attached. Normally, the federal government pays a higher matching rate for people in S-CHIP than for standard Medicaid. While most of the 4 million people in S-CHIP are children, some states cover pregnant women and parents, too.

Under the new legislation, states getting extra help for S-CHIP will get the enhanced rate only for children. The federal government will use the lower Medicaid matching rate for adults in S-CHIP.

The changes take care of the problem for now, but state officials expect Congress to revisit the issue soon. Some states may run out of cash in the coming months, and Congress must reauthorize the entire program in 2007.

“The important thing is to not have children fall off the program, and that’s been averted?, at least in the short term. So we have the opportunity to figure something out before the next critical date, which is (probably) May,” said Joy Wilson, health policy director for the [National Conference of State Legislatures](#).

Without the new law, Georgia anticipated that it would have run out of money for its [Peach Care](#) program for lower-income kids by March. Now, it will have enough money to get through May or June, but would run short until the new federal fiscal year begins Oct. 1, said Dr. Rhonda Medows, commissioner of the [Georgia Department of Community Health](#).

“We appreciate that they did get it addressed. I’m impressed. It was at the eleventh hour on the last day, but they did it. But we’ll be right back there in January asking them to go the next step,” she said.

Also as part of the tax package, Congress reauthorized the Transitional Medical Assistance program, which allows people moving off the welfare rolls to remain eligible for Medicaid during the transition. The National Governors Association [urged](#) Congress to keep the program going.